

4:Grajdanzev--45

S-4

(no date) 1942

Formosans

116, 312, 471, 655, 177. 31

Japan

636. 31

"In any case the success in irrigation should be recognized as conspicuous, and it is not less striking that it was achieved with the relatively modest investment of about fifty million yen by the state since 1908. But the state has gradually withdrawn from the field, leaving irrigation works to private enterprise and to special irrigation associations. In 1937 the irrigated area was divided among three groups as follows: 140, 500 ko were irrigated from the public canals, 132, 000 ko from canals belonging to private persons, 259, 000 ko from those of irrigation associations. The last are under the influence of landowners and of the owners of enterprises processing agricultural products."

4:Grajdanzev--54-55 S-4 (no date) 1942
116, 243, 435, 655, 177.24
 636.24

Formosans -1-2
 Japan

"Space does not permit us to analyse the rice situation in detail. The table below shows the rapid process of displacement of other kinds of rice in Taiwan by horai.

Crop Area Under Various Kinds of Rice in Taiwan

(In thousand ko)

	1905	1915	1920	1925	1930	1935
Common Taiwan rice	393	423	417	370	370	263
Clutinous. round	24	39	53	81	68	73
Glutinous, long	...	...	...	...	19	18
<u>Horai</u>	0	0	0	72	135	305
Total	<u>417</u>	<u>462</u>	<u>472</u>	<u>523</u>	<u>592</u>	<u>659</u>

Yields of Various Sorts of Rice in Taiwan were as Follows
 (1930-35 average)

	(koku per ko)
Common Taiwanese	12.1
Round glutinous	10.2
Long glutinous	11.7
<u>Horai</u>	14.6

4:Grajdanzev--54-55
116, 243, 435, 655, 177.24
636.24

S-4

(no date) 1942

Formosans-2
Japan

varieties.

But on the other side, the production costs of one ko of common rice in 1925 were ¥223.8, while for horai the amount was ¥342.0, and—what is also very important—whereas thirty-four per cent of the production costs of common rice consisted of the farmer's own labor, home-prepared fertilizers (which the farmer does not buy) etc., these costs in the production of horai amounted to only twenty-two per cent. In other words a much greater part of the expenses on horai consisted of sums paid for commercial fertilizers, etc. and as a result, the farmer does not receive so much profit from horai, but is compelled to plant it because he cannot sell his own [55] kind of rice in the Japanese market. The expansion of area under horai is therefore not so much a sign of prosperity, as it would at first sight appear, as a sign of the growing need of the farmer for money to pay taxes, to pay for irrigation, and to pay for the tobacco which he formerly produced himself (and is now a state monopoly)."

4:Grajdanzev--56-57 S-4
116, 241, 439, 441, 655, 177.43
636.43

(no date) 1942

Formosans
Japan

"The price ruling on the Tokyo market is, however, not the price which the farmer in Taiwan receives. Between him and the Tokyo or Osaka market are landlords, usurers, a chain of local dealers in rice, big Japanese importers and exporters, and Japanese shipping companies. Each one of them makes profits, [57] and good profits, so that little remains for the farmer, and especially the tenant-farmer.

However, the advice of Takahashi and others fell on fertile ground and, beginning with November 1, 1939, the export of rice from Taiwan to Japan became a government monopoly. The government-general decides how much rice should be produced, works out a plan of exports for each month, buys rice from the special local organizations, and sells it to a Japanese company, Nippon Beikoku Kabushiki Kaisha (Japan Rice Corporation). The other suggestion of the Japanese economists concerning the lowering of the price of rice in Taiwan may also be attempted, though it will be difficult to realize in a time of war inflation and rice shortage in Japan."

4:Grajdanzev--61-62 S-4 (no date) 1942

116, 241, 435, 452, 477, 655, 177.47

636.47

Formosans-1-2

Japan

"It is said that there are conflicts between farmers and manufacturers because of the price, and there are also many complaints by the manufacturers that the farmers do not follow their instructions, and yet the manufacturers prefer dealing with thousands of farmers to producing all of the sugar cane themselves. The explanation is simple: it is cheaper to buy from the farmers, not only because the cultivation of [62] sugar cane is a sideline occupation for the small farmer from which he is glad to get even a small reward, but also because of the special regulations imposed on the farmers. No sugar mill can be established without official permission. Simultaneously with licensing, the area from which the new mill may buy sugar cane is allocated. It is not permitted to buy outside this area, and the farmers are obliged to sell their sugar to this mill only. For each mill there are on the average 3,000 farmers and thus there is competition between farmers inside the area, but a monopoly for the buyer. Of course, the farmer is free to sell or not to sell; to plant sugar cane or not. But, as we shall see, he has actually little choice in the matter.

The manufacturers have developed and perfected a system of advances to the farmers which deprive them of freedom in such matters. In 1935, for example, about fifteen million yen were paid out in advances. The total value of sugar cane in this year was fifty-five million yen, about one-quarter of which was produced on plantations and about

4:Grajdanzev--61-62

S-4

(no date) 1942

Formosans-2

116, 241, 435, 452, 477, 655, 177.47

Japan

636,47

forty-one million yen worth on the tiny plots of the farmers. Thus at least thirty-seven per cent of the value of sugar cane was paid in advance. We say 'at least' because fifty-five million yen represents the official value of sugar cane in that year, though the price which the farmer gets may be much smaller than that on which the official estimate is based. It is clear that the farmer gets money in advance only because he is in need of it, and has no money of his own. Since the crop period for sugar cane in Taiwan is eighteen months, the farmer is not free in his economic decisions throughout this period."

4:Grajdanzev--110-111 S-4
116, 463, 471, 563, 655, 177.47
636.47

(no date) 1942

Formosans-1-3
Japan

"Our analysis of industry and mining must not be limited to a survey of present conditions and the plans of the government, etc. Properly speaking it should only begin here. The population of Taiwan is about five per cent Japanese and about ninety-five per cent Chinese and aborigines. In order to evaluate the place of these two groups in industry and mining we should know wage levels and working conditions as well as the all-important question of who are the entrepreneurs and who the wage earners. Unfortunately, some of these questions cannot be answered because of the absence of information.

The latest available report concerning the nationality of capital in Taiwan's companies refers to the years 1929.

Distribution of Corporate Capital in Taiwan by Nationality in 1929
(1,000 yen)

	Japanese	Chinese	Other*	Total
Agriculture	4,434	4,962	4	9,399
Industry	180,497	16,786	1,658	198,941
Commerce	23,128	28,082	2,033	53,242
Communications	3,186	2,571	25	5,781
Fisheries	2,258	1,190	20	3,467

4:Grajdanzev--110-111 S-4 (no date) 1942

Formosans-2

116, 463, 471, 563, 655, 177.47
636.47

Japan

Distribution of Corporate Capital in Taiwan by Nationality in 1929 [Cont.]
(1,000 yen)

	Japanese	Chinese	Other*	Total
Mining	12,243	3,441	1,422	17,107
Total	225,745	57,033	5,161	287,939

* Chiefly Chinese from the mainland, citizens of the Chinese Republic.

The share of the Japanese was therefore 90.7 per cent in industry and 71.6 per cent in mining, while the corresponding shares for the Chinese were 8.5 per cent and 20.1 per cent. It is true that these figures do not include individual enterprises, which are chiefly Chinese, but it is quite evident that their inclusion would not greatly change the picture because the average capital of such enterprises is very small. On the other [111] hand this table does not include government enterprises which should be considered for all practical purposes as Japanese enterprises (the managerial staff is Japanese and the profits may be transferred to Japan at any time), and the capital of these government enterprises is huge. As is seen from the table, the capital of all corporations was about ¥288 million in 1929, yet in the same year the capital of the state railways alone was ¥122 million. Beside railways the government has many enterprises of all kinds. Since 1929 the situation has further changed to the disadvantage of the Chinese group for in the

4:Grajdanzev--110-111 S-4
116, 463, 471, 563, 655, 177.47
636.47

(no date) 1942

Formosans -3
Japan

last few years, as was shown above, huge new companies have been established and the capital of old ones increased. The new companies are Japanese. In 1929, for example, the capital of the Japanese companies occupied in the fisheries was ¥2,258,000; in 1939 two Japanese companies with headquarters in Japan proper, whose capital is ¥65,500,000 were operating in Taiwan. Of course, only a part of this capital is sunk in their Taiwan enterprises, but it is clear that the situation in 1939, in this as well as in many other respects, is less favorable to the Chinese than it was ten years before.

The same thing has occurred in mining, where the total capital is now ¥46.6 million, instead of ¥17.1 million as in 1929. The increase is due to the activities of the Japanese Koyo Kogyo, Taiwan Kogyo, and Keelung Tanko corporations."

4:Grajdanzev--112 S-4 (no date) 1942
116, 171, 471, 563, 477, 655, 177.47
636.47

Formosans -1-2
Japan

"It may be of some interest to compare the share of native corporations in the total corporate capital of Taiwan with their share in Korea, for which the most recent data is available:

Percentage Share of the Native Corporations in the Total Capital of Corporations

	Taiwan, 1929	Korea 1938
	Per cent	Per cent
Agriculture	52.8	20.7
Industry	8.5	6.6
Commerce	52.7	19.1
Communications	44.5	7.5
Fisheries	34.3	6.3
Mining	20.1	6.8
Total	<u>19.8</u>	<u>11.3</u>

Source for Korea: Kokusei gurafu, April 1940.

It is evident from this table that in Korea the occupation of commanding positions by Japanese capital had proceeded much further by 1938 than it had in Taiwan by 1929. Native capital was strongest in Taiwan in 1929 in agriculture, commerce, communications and fisheries and it is interesting to note that Korean capital was most strongly placed

4:Grajdanzev--112 S-4 (no date) 1942

Formosans-2

116, 171, 471, 563, 477, 655, 177.47

Japan

636.47

just in these branches in 1920. This is not a coincidence. The squeezing out of the native capital usually begins in industry and mining (2) and reaches commerce and agriculture

2. Actually it began with communications. The railroads in both colonies are in Japanese hands, but since they belong chiefly to the government they are not included in the above figures.

only at a later stage. In Korea native capital is now only eleven per cent of total corporate capital, and there is no reason to expect that the proportion is higher in Taiwan.

The answer to the first question as to the nationality of capital in industry and mining in Taiwan is thus quite clear—from ninety to ninety-five per cent of this capital belongs to the Japanese."

4:Granjdanzev--118-119

S-4

(no date) 1942

Formosans

116, 454, 496, 655, 177.49
636.49

Japan

"In 1926 there were 950 km.(1) of government railroads in Taiwan; in 1938 there were

1. Taiwan. Its System of Communication and Transportation, 1929.

1,040 km. The lengths of private railways at the same dates were 525 km. and 521 km. respec-[119]tively—a slight decrease. In other words, in the last decade the construction of new railroads in Taiwan has almost stopped. At the end of 1938 the capital invested in the government railroads including expenditures on repairs and restorations was ¥172,499,691."

4:Grajdanzev--149

S-4

(no date) 1942

Formosans

116, 314, 439, 655, 177.31

Japan

636.31

"The government, desiring to utilize the unique position occupied by Taiwan in the supply of camphor, made it a government monopoly. However, in the last few years synthetic camphor production has made striking progress and the monopoly is now definitely broken. This does not mean that natural camphor will lose its market for the expanding celluloid industry can successfully absorb the surplus, but the former advantageous position of the Japanese government is lost."

9: Yamasaki--233 [2]

N-5

(1896-1897) 1900

Formosana

116, 314, 655

The Japanese Government on the island has now made the camphor trade into a monopoly, like the obtaining of sea salt on the west coast.

The newly conquered land [EJ: i. e., the Atayal] is now being cultivated with great industry and energy. We saw a settlement of the Mitsui Company where the forested areas had been cleared and were made ready for cultivation. Camphor trees are being planted along the steep inclines and the old camphor trees are felled and prepared for export. Since 1889 camphor has been a government monopoly and constitutes one of the most important sources of revenue on Formosa. "The problem of the aborigines is actually the problem of [609] camphor," according to Davidson, (1) and the truth of this

1. Davidson, J. W. The island of Formosa, Past and Present.

statement cannot be questioned.

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NUMBER OF EMPLOYEES (BY INDUSTRY AND SEX) IN
GOVERNMENT ENTERPRISES*

Industry	(March 1, 1952)			(December 31, 1951)		
	Total	Male	Female	Total	Male	Female
Textile	7,816	2,399	5,417	28,873	8,409	20,464
Metal	3,259	3,050	209	3,626	3,257	351
Machine & Tools	7,440	7,095	345	7,121	6,753	368
Kiln	4,843	3,930	913	10,390	7,482	2,908
Chemical	17,881	14,465	3,416	9,440	6,558	2,882
Wooden	6,596	6,158	438	4,377	3,934	443
Printing	2,014	1,472	542	1,889	1,625	264
Food Pro- cessing	29,519	25,741	3,838	20,067	15,493	4,574
Gas & Elec- tricity	5,019	4,810	209	-	-	-
Others	252	157	95	3,393	1,484	1,909
Total	84,699	69,277	15,422	89,176	55,013	34,158

45:Stanford U. S-4, 5 1956 ADI Formosa

AD1

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423

* Taiwan Provincial Government, Department of Reconstruction as quoted by L. R. Smith and W. R. Etter, Labor in Taiwan, Taipei, MSA/MC, 1953.

† This term is used in the original source and presumably includes logging and lumber workers.

66/63/ Selection of hsien and city assemblies was completed before April 7 and the provincial assembly (called the Provincial Political Council) was formally inaugurated on May 1. Although the functions of the local assemblies were principally consultative, they represented a great improvement over the Japanese system in two ways: first, the base for suffrage had been extended to include a greater number of voters, and, secondly, all the members of the assembly were elected. The election of district heads, magistrates, and mayors was deferred, because the authorities asserted the people at that time lacked administrative experience to undertake the work.¹²

635 633/ After the local insurrection of February 27, 1947, the provincial administration was brought into conformity with that of other provinces of China. The post of administrator-general was abolished. A provincial council of fourteen members or commissioners, with the governor as chairman, was established. Half of the provincial commissioners were chosen from local residents, the Formosan Chinese. The monopoly bureau, whose restrictive activities were immediately responsible for the outbreak of riots, was

12. Ibid., p. 103.

636abolished. A new tobacco and wine bureau was
655created and placed under the finance department.

• A camphor company was formed under the department of reconstruction (industry and commerce), and a bureau of supply replaced 646the trading bureau. In 1950 the number of provincial commissioners was further increased to 23, of whom seventeen were Formosan Chinese. Local elections were held in 1950 and 1953-54. Members of assemblies of rural districts, towns, cities, and hsien and heads of villages, rural districts, and towns, such as mayors and magistrates, were all elected by direct vote. Members of the Provisional Provincial Assembly¹³ were elected indirectly by the various hsien and municipal assemblies in 1950. In the second election of 1953-54, they were directly elected by the people. (Details of the organizations of the provincial and local government as well as the popular elections, will be considered in another chapter.)

13. "Local self-government in Taiwan is, for the time being, confined to the hsien and municipal level. Since the provincial government is still under the direct control of the Central Government, the principal council is known as the Provisional Provincial Assembly; China Handbook, 1954-55, Taipei, China Publishing Co., 1954, p. 469.

65/a part of which was allotted to the local governments as subsidy from the provincial government.

Business tax is levied either on the volume of business or the net profit according to the nature of the business. The rates of taxation vary from 1.5 per cent to 6 per cent. Household tax is levied on assets of individuals and corporations valued over NT\$3,000. The rate is 0.5 per cent of the total value. The revenue from business tax in 1954 was NT\$127,108,309 and from household tax was NT\$179,454,138.

- 65/ The most important items of revenue
● 65/ for the provincial government are the profits from tobacco and wine monopolies. During the Japanese occupation, direct taxation provided less than 20 per cent of governmental income.⁷ The major portion was derived from government-owned properties and undertakings. Government monopolies covered salt, camphor, opium, tobacco, matches, and petroleum.

7. In 1930, a year of normal prewar activity, out of a total revenue of ¥ 105,453,789, only ¥ 18,316,545 was raised by direct taxation.

65/ Their profits accounted for fifty per cent of
the total revenue. Now under the Chinese only
wine and tobacco monopolies remain. Until
1953, all the income from the monopolies went
to the provincial government. Since then a
part of the profits is forwarded to the central
government. Monopoly profits in 1954
amounted to NT\$866, 571, 260.⁸

65/ The taxes collected by local government*
in 1954 were as follows:

House Tax _____	NT\$ 82,990,410
Slaughter Tax _____	NT\$183,008,444
Vehicle and Vessel License Tax _____	NT \$ 38,064,145
Entertainment and Amusement Tax _____	NT\$ 38,373,143
Title Deeds Tax _____	NT\$ 25,130,005

* Statistical Abstract of the Republic of
China 1955.

Government revenues have been steadily
increasing since 1950 as evidenced by the

8. Actual monopoly profits received by the
provincial government in the fiscal year
1954-55 were NT\$820,000,000.

AD1

AD1

339
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426 Cement: Cement was originally distributed under the supervision of the Cement Distribution Secreening Committee of the Provincial Department of Reconstruction. To effect tighter control over the sale and use of all building materials, cement was placed under the supervision of the Provincial Supply Bureau in September 1953. The bureau determines allotments to building material traders' associations and cement traders' associations throughout the island; they in turn allocate cement to their members, and the members to consumers. The wholesale price is fixed, currently at NT \$30 per bag (about 50 kgs.); however, the retail price is allowed to fluctuate according to supply and demand -- about NT \$50 per bag in early 1955, and about NT \$40 in late 1955.⁴

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Tobacco and Alcoholic Beverages:

Production and distribution of these goods are completely under government monopoly. The Taiwan Tobacco and Wine Monopoly Bureau has eleven branches and two business offices, which handle distribution of these commodities to three types of wholesale establishments -- the city, county, and town co-operatives; the

4. Kung-shang Yüeh-k'an [Industry-Commerce Monthly], Vol. 3, No. 10, p. 94; The Central Daily News, Dec. 4, Dec. 15, 1955.

655 tobacco and beverage wholesale houses; and the bureau's own wholesale offices. The tobacco and beverage wholesale houses sell directly to general retailers; all the other types of wholesalers of these commodities sell to their own retailers. All the wholesalers and retailers must be approved by the bureau, which fixes prices at both levels.

B. Small Business

443 Retail sales in large cities are handled by modern department stores, speciality stores and shops, general stores, roadside stands, and peddlers. In general the organized [435] department stores and other shops sell goods at a fixed price whereas the roadside stands and peddlers have no fixed prices. The large stores and shops generally operate at a higher cost and margin of profit than do the peddlers and proprietors of roadside stands, who are satisfied with a small profit, need only minimum capital, and pay no interest, rent, or taxes. Small business has increased in Formosa due to lack of other opportunities for employment. Enterprising people create marginal self-employment by establishing roadside stands for the sale of food and other everyday necessities. The buying public seems to favor this type of "little" business where various items can be bought more inexpensively than in

"ECONOMIC DEVELOPMENT" IN TAIWAN

654 services for themselves, in order to keep output in pace with their
 435 own milling capacities.²³ The industry had expanded, in fact, too
 rapidly for its own good. It had suffered several crises, brought on by
 fluctuations in the demand for sugar in Japan, where its tariff prefer-
 ence led it to sell.²⁴ To "stabilize production," the important pro-
 ducers organized a cartel (under the Japan Sugar Association) with
 government permission and guidance.

Buying of cane from farmers had from the start been controlled
 by agreements among processing firms; the cartel opened a concerted
 effort to prevent cane prices from rising. The need for this step arose
 from the fact that sugar cane and rice both were grown in the same
 soils and more or less during the same seasons. In effect, the two
 crops competed for land. Japanese had always complained that the
 Taiwanese had a perverse tendency to cultivate rice when it was
 more profitable. Under the cartel agreements, sugar firms avoided
 competitive buying by strict agreements to allocate areas of cane
 purchase. Owing to their size and diversity, they were able to per-
 suade many farmers to grow sugar instead of rice by withholding ir-
 rigation water from rice fields, and by making conditional cash ad-
 vances to individual families.

By such means the sugar cartel accomplished what the government
 could never have done unaided: it ensured a steady output of sugar
 at fixed prices for which it would have been irrational for individual
 654 farmers to produce cane.²⁵ Sugar acquired a place of high wartime
 priority as a source for industrial alcohol, and beginning in 1939 the
 Government-General assisted sugar concerns to construct distilleries
 and make alcohol on the island. Under these circumstances it is not
 surprising that the sugar processing industry tended to pass into fewer
 and fewer hands. After a merger in 1940 more than 95 per cent of
 the sugar in Taiwan was milled by five giant companies. Though
 more extreme, the history of the sugar industry was essentially that
 of all large-scale Japanese enterprise in Taiwan.

655 The Government-General itself began to promote industrial ex-
 471 pansion during the 1930's by further participation in economic life.

²³ Privately owned and operated railroads attained a length of over half as great as the entire state system. Not all were built by sugar concerns; the largest belonged to lumber companies. Most were of narrower gauge than the main rail lines. See *Statistical Summary*, Tables 440-442.

²⁴ Costs were higher than in Java throughout the period, putting Taiwanese sugar at a serious handicap in markets outside Japan.

²⁵ The Government-General did its part to encourage sugar cultivation by putting rice paddies in a higher tax category than comparable sugar fields. And in 1939 it simply took over the entire cartel by issuing a set of detailed regulations to dictate its affairs.

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"ECONOMIC DEVELOPMENT" IN TAIWAN

First, it controlled certain key sources of income and authority, as before, through the legal monopolies. Net receipts from these enterprises (including salt, alcohol, camphor, tobacco and opium) made up one of the largest classes of revenue. Public railroads, irrigation and generation of electricity were also government monopolies—unofficial but nonetheless actual—which were operated more for the sake of the power that could be wielded through their services than for profit. They were developed so as to assert what amounted to administrative control over the private sphere of production.

These were really little more than refinements of earlier devices. One of the important departures from previous government policy was to partake directly in more business activity. No data were ever published to show the extent of government investment side by side with that of private firms. It was thought to be at a level nearly as great as the whole private sector, but was mixed too thoroughly to be separated in any reliable fashion from the whole.²⁶

Outright government holdings in corporations went beyond scattered blocs of shares in individual companies. Many of these official firms were diversified and enlarged so as to absorb parts of related fields. For example, the larger electric power companies, owned or dominated by the Government-General, helped to build the nucleus of Taiwan's metallurgy industry. Most of the wartime aluminum production was carried out by such integrated concerns. The government itself formed the Taiwan Development Company, in 1936, as a super-corporation to promote interrelated ventures of this nature. It speedily promoted a host of subsidiaries strategic for the war program.²⁷ Besides all of these extraordinary activities, the regular budgetary expenditures of the Government-General leaned increasingly toward injecting new state services into the economy, and probably contributed thereby to the inflation later in the war.²⁸

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²⁶ Certain tables have been quoted many times that purport to show the amounts of these investments (see OPNAV, Civil Affairs Handbook, *Taiwan—Economic Supplement*, 1944, pp. 97-98). We shall not reproduce them here, for none of the published data on corporate investment are very trustworthy. The publications never stated what criteria were imposed in their collection, and so it is impossible to know exactly what they represent in any given instance. They conceal the weight of government as opposed to private corporate holdings, and do not differentiate between large holding companies and their subsidiaries.

²⁷ Incomplete data on some of the known holdings of this and other of the larger firms are given in the OPNAV Civil Affairs Handbook, *Taiwan—Economic Supplement*, Appendix, p. 86 ff. Through omissions, these figures are known to understate grossly the extent of corporate concentration.

²⁸ These services stretched from research grants to larger funds allocated directly for new subsidies of business. *Ibid.*, p. 59.

"ECONOMIC DEVELOPMENT" IN TAIWAN

cially in chemical and metal manufacturing; their expansion did not have an appreciable effect in the production of all the island.

In other words, in spite of its expansion, industrial production had only begun to make headway in relation to agricultural output. Before 1940, manufactured commodities were still subordinate to Taiwan's farm products (and did not amount to much beyond processed sugar). Afterwards the Japanese did not have enough time to marshal the island's resources effectively in industry. We know this was not because they failed to make an effort—it was because they started too late.

Certain types of heavy investment had received their close attention ever since earlier years. Railway construction, for example, was pushed forward with enthusiasm from the very first. The time schedule of progress in expanding the public railroads was far ahead of their actual utilization (see Fig. 6). This was an investment which

GOVERNMENT RAILROADS, TAIWAN

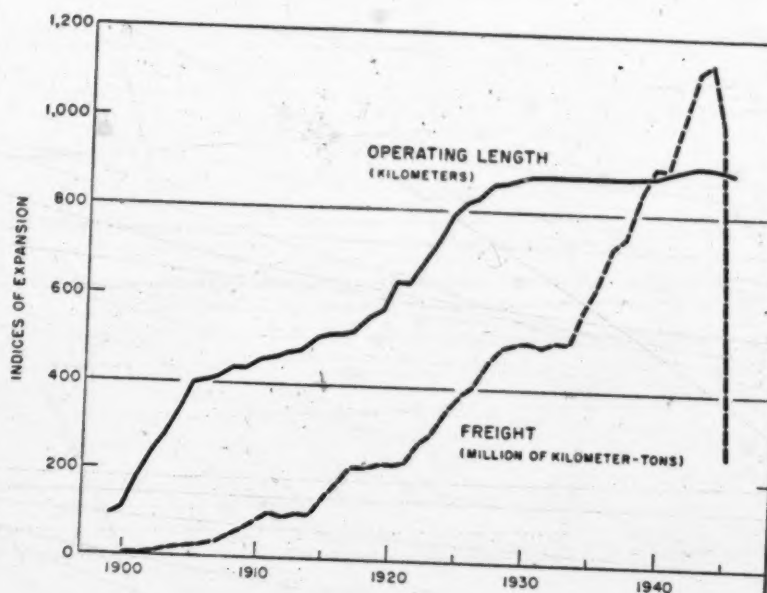


Fig. 6. Expansion and Use of Railroad Facilities in Taiwan, 1900-1945.

• 655
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[61]

"ECONOMIC DEVELOPMENT" IN TAIWAN

the Japanese undertook primarily in anticipation of long-term benefit, without being able to justify its initial cost for many years. In terms of kilometer-tons of freight carried, the railroad made only partial use of its physical facilities until late in the colony's existence.³³ This sort of schedule was also followed in establishing a system of improved roads and trails over the island. In both cases, Japanese had to bear the burden of ambitious engineering projects when they could least afford it, for basic transportation networks are more valuable as networks than they are piecemeal.

Public irrigation was a project closely tied to agriculture, and followed a different timetable (see Fig. 7). After 1895 there was no large

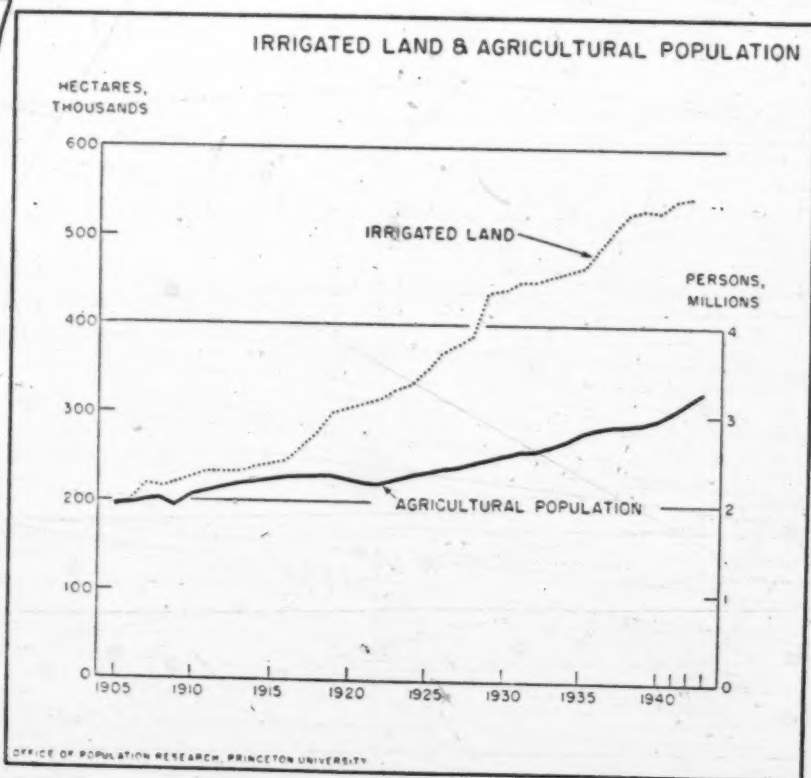


Fig. 7. Expansion of Irrigation and Agricultural Population in Taiwan, 1905-1943.

³³ Then it suddenly became overtaxed with cargo connected with the war, stemming from industrial growth and from Taiwan's role as a military base. See OPNAV, Civil Affairs Handbook, *Taiwan—Economic Supplement* (1944), p. 60.

PUBLIC HEALTH AND THE RISKS OF DEATH

tation were confined to some of the major cities, the influence of these broader health measures gradually spread evenly over most of the island. In this way Japanese gained results that were very substantial through the use of none but crude techniques. 744

The Japanese policy toward opium addiction was less consistent, for here they found welfare goals to be in conflict with profit motives. They made the manufacture of opium a government monopoly, and closely regulated its sale. The announced purpose for this control was to eradicate the use of the drug, but the Taiwanese occasionally complained that officials secretly abetted its consumption. The truth of the matter is not clear, but their success in other tasks suggests that opium addiction could have been stamped out far more quickly if they had made a determined effort to do so. Some of their own records show that new users of opium were being granted licenses as late as the 1920's. It is likely that the Japanese appreciated the effectiveness of addiction in enervating the resistance to their rule among wealthy families, and they made no secret of the steady public revenues that they derived from opium sales.¹² 276 655

The Evidence for Measurement of Mortality

There is not much point in describing the purposes and methods of public health work without having some independent appraisal of results. Such efforts have often been sponsored elsewhere with much fanfare and little accomplishment. The only trustworthy way to view the results of economic and sanitation policies in prolonging life is through some form of measurement; this is likewise the only precise way of comparing the risks of death in Taiwan and in other areas. 659 165

Fortunately the data that exist to gauge mortality in Taiwan are excellent. The occurrence of many kinds of illness involving danger of contagion was required by law to be reported to the authorities. Partly as a means of avoiding contamination of the living by the dead, and partly just as a means of tightening official control over the reporting of disease, the Japanese also strictly regulated burials and cremations.¹³ The rigors of enforcing these rules led to concealment of some illness and evasions by mis-stating exact causes of

¹² A careful study of opium addiction in Taiwan and its relation to mortality is contained in Tu Tsung-ming (1935 and 1938).

¹³ See Hsü Tze-wei (1946), p. 449.

AF1 China
FORMOSA AD1

652 National Taiwan Dollar was introduced,²⁰ replacing the old currency at a ratio of 1:40,000. Fixed at an official exchange rate of four to one United States dollar, the new issue amounted to NT\$200,000,000.²¹ Authorized by the Nationalist government and handled by the Taiwan Provincial Bank, its 100 per cent reserve was provided by the former out of its Central Bank reserve fund²² brought over from the mainland.

Implementing the currency reform were a number of deflationary measures. By selling government-owned commodities, confiscated Japanese properties, and bonds, and conducting lotteries, a total of NT\$25,740,000 was siphoned from circulation.²³ Between June 1949 when the reform was instituted and October 1950, the note issue, including subsidiary and fiduciary issues, rose 824.95 per cent, while the wholesale commodity index price of Taipeh rose 330.36 per cent.²⁴

701 Since its transfer to Taiwan, the Nationalist government's expenditures have been reduced considerably. On its administrative staff today are but a few thousands of essential personnel. The maintenance of its armed forces is the largest item.²⁵

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655 Nationalist financial requirements are met by the sale of government-owned properties, customs receipts, revenues

²⁰ See Currency Reform Ordinance of the Taiwan Provincial Government*, June 15, 1949.

²¹ *Ibid.* The issue was subsequently increased another NT\$50,000,000. The present exchange rate fluctuates around eight Taiwan dollars for one United States dollar.

²² About US\$200,000,000 in August 1948. See *China Handbook 1950*, p. 479.

²³ The figure is based on Bank of Taiwan statistics as of June 1950.

²⁴ *Taiwan Today*, cited note 11 *supra*, p. 71; also cf. *Taiwan Reconstruction**, cited note 12 *supra*, pp. 63-64.

²⁵ In his Administrative Report of October 3, 1950, Premier Chen Cheng disclosed that some 150,000 men were discharged during the

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from salt monopoly, postal service, and profits from such assorted enterprises as telecommunication; air transport; navigation; petroleum; aluminum, gold, coal, and copper mining; and steel works. Where additional funds are needed, the government dips into its estimated US\$200,000,000 gold reserve which it brought over from the mainland along with assets of various government corporations.

Presently, the Taiwan Provincial Government operates under the provisions of a "special budgetary system."²⁶ A considerable part of its expenditures, normally national, are paid from the provincial treasury. The estimated revenue for 1950, for instance, amounted to NT\$300,825,888.²⁷ Of that amount, approximately 31.91 per cent came from government monopolies; 21.54 per cent from sales of government-owned assets consisting mostly of confiscated Japanese properties; 19.51 per cent from such taxes as income, inheritance, excise, and land; and the 27.04 per cent from provincial enterprises. Of the expenditures, 23.71 per cent were for education and culture; 23.4 per cent for subsidies; 21.18 per cent for reconstruction; 7.65 per cent for administering reconstruction; 6.06 per cent for defense and security; 4.11 per cent for financial administration; 3.63 per cent for civil administration; 3.53 per cent for public health; and the rest for social relief and civil service pensions.²⁸

first six months of 1950 "to match the nation's financial resources." Of the remaining units, exact figure not given, the Premier reported that "their pay has been increased and farms have been opened for their own benefits."

²⁶ *Taiwan Reconstruction**, cited note 12 *supra*, Vol. 1, p. 33.

²⁷ *Taiwan Today*, cited note 11 *supra*, p. 60. Actual revenue for 1950 was NT\$319,968,297.

²⁸ For a breakdown of budgetary figures, see *Taiwan Today*, pp. 59-68; also *Taiwan Reconstruction**, pp. 33-36.

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process has been instituted in the government-managed camphor industry.³⁷

In areas where Taiwan and Japanese economy complement each other, a trade agreement was signed with Japan on September 6, 1949 under which Taiwan sugar, salt, camphor, cement, and pears are to be exchanged for Japanese consumer and capital goods at an estimated annual volume of US\$100,000,000.³⁸

Government-owned and -operated enterprises dominate Taiwan's industrial field. As of 1950, there were 79,058 publicly operated units employing 63,065 workers. Available statistics place privately owned industrial units at approximately 67,660 employing 53,310 workers. Production figure for public industries in 1949 is about NT\$718,000,000 as against NT\$600,000,000 for private enterprises.³⁹

This situation may be accounted for by the predominant position of Japanese-owned industries in Taiwan which were acquired by the Chinese Nationalist government following the Japanese surrender in September 1945. Since then, petroleum, aluminum, gold and copper mining, salt, coal mining, and steel works have been taken over by the National Government. Power, sugar, fertilizer, cement, alkali, pulp and paper, shipbuilding, and machine tools have been jointly operated by the national and provincial authorities on a capital division of 6 to 4. Some smaller mining units, camphor, tobacco and wine monopoly, and agricultural and forestry enterprises have been managed by the provincial government. The rest, being of smaller scale, have either been taken over by county or municipal govern-

*Reconstruction**, Vol. 2, pp. 473-74, where the total 1948 demand was estimated to be 141,727 tons.

³⁷ For a general description, see *Taiwan Reconstruction**, Vol. 2, pp. 436-46.

³⁸ For detailed listings, see *Taiwan Reconstruction**, Vol. 2, pp. 357-61.

³⁹ *Taiwan Today*, pp. 121-22.

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ments or sold to private industrialists by means of competitive bidding.⁴⁰

Taiwan's industrial growth in recent years reflects mostly the development of government enterprises. Such state industries as gasoline, kerosene, and Diesel oil have registered considerable increase over the peak year production figures under the Japanese.⁴¹ Other government-operated industries such as electric power, sugar, alcohol, cement, and camphor, though lower in production volume than in the prewar peak year, have made extensive recoveries in contrast to their chaotic conditions at the conclusion of World War II.⁴² Augmented by ECA assistance, the over-all industrial picture may be described as one of steady growth.

EDUCATIONAL POLICIES

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The Nationalist government inherited from Japan an educational legacy which comprises a mixture of salutary and disadvantageous factors. Of the former is a more than 70 per cent literacy among the people.⁴³ A framework of primary and secondary schools scatters over the island. A fair foundation of vocational education has been laid. There are also several higher institutions of learning. A tradition of discipline, hard work, and thriftiness prevails among the students.

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On the disadvantageous side is the predominant position of the Japanese language, both spoken and written, as a medium of learning. Many island inhabitants can hardly read Chinese or speak their native Fukien tongue flu-

⁴⁰ *Taiwan Reconstruction**, Vol. 2, pp. 402-547.

⁴¹ *Ibid.*

⁴² *Ibid.*; also *Taiwan Today*, pp. 99-122.

⁴³ *Taiwan Reconstruction**, Vol. 1, p. 89; also for a general treatment of the subject, see *Taiwan Provincial Government. The Administration of Planned Education**, Taipei, 1944.

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